

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 9 March 2021

TITLE	Bristol Holding Group Business Plans		
Ward(s)	All wards		
Author: Tim O’Gara	Job title: Director: Legal & Democratic Services		
Cabinet lead: Cllr Cheney	Executive Director lead: Executive Director, Resources		
Proposal origin: City Partner			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report: The purpose of this report is to approve the 2021/2022 Business Plans for the Bristol Holding Group.			
Evidence Base: The council is the sole shareholder of Bristol Holding Limited (company number: 09485669), which in turn is the sole shareholder of a number of companies, including Bristol Waste Company Limited (company number: 09472624) and Goram Homes Limited (company number: 11597204) (the Bristol Holding Group). Business plans are submitted for approval in this Cabinet Report for each of these companies. Shareholding is an executive function. The shareholder role in respect of the Bristol Holding Group has been delegated to the Deputy Mayor: Finance, Governance and Performance, Management of the Housing Revenue Account Budget. The Deputy Mayor has reviewed the business plans for the Bristol Holding Group and has been advised in relation to them by the Shareholder Group. The business plans are now being recommended for approval by Cabinet. The Cabinet Report on the Bristol Holding Group Business Plans was originally scheduled to come to Cabinet in January 2021. However, due to an update to Goram Homes’ Business Plan, and taking into account the recommendation from the Grant Thornton Value for Money Report that business plans should be based on timely information, the decision was taken to defer the business plans to enable the Cabinet to make a well-informed decision. The companies’ business plans are generally based on financial information available in September 2020, with the exception of Goram Homes’ which is based on financial information available in February 2021. The final drafts of the business plans were received on the following dates: Bristol Holding – 11 January 2021; Bristol Waste Company – 23 February 2021; and Goram Homes – 24 February 2021. Bristol Holding and Bristol Waste have confirmed that, other than to respond to requests from the Shareholder, there have been no material changes to the business plans since the final drafts were initially submitted in January. The Bristol Holding Group also includes Bristol Heat Networks Limited (company number: 11652156), a new company established in 2020 following Cabinet approvals on 3 March 2020 and 1 September 2020 and so no business plan is presented for this company at this stage. The Group also includes BE 2020 Limited (formerly Bristol Energy Limited, company number 09135084) which has now sold its substantive business. No business plan is therefore presented in respect of that company. Finally, BristollsOpen Limited (company number: 09302408) is a company that is wholly-owned by the Council outside of the Bristol Holding Group. BIO staff and operations have now transferred to the			

council and so no business plan is being presented in respect of this company.

Cabinet Member / Officer Recommendations:

That Cabinet:

In relation to Bristol Holding Limited

1. Approves the business plan of Bristol Holding Limited, in respect of financial year 2021/2022.

In relation to Bristol Waste Company Limited:

2. Approves the business plan of Bristol Waste Company Limited, in respect of financial year 2021/2022, including (subject to incorporation into the council budget for approval by Full Council) approval of additional loan funding of up to £2.8m to Bristol Waste Company Limited for the purposes of implementing Avonmouth Phase 2 (as outlined in the appendices), and to delegate authority to the s 151 officer, in consultation with the Cabinet Member for Finance, Governance and Performance, to agree the terms of such loan.
3. Notes that Bristol Waste Company Limited has an existing £12m loan facility with the council, as approved by Cabinet in December 2018, to support the replacement of its collection vehicle fleet and that £0.7m of that loan funding will be applied as a contribution towards the CAZ fleet replacement outlined in the exempt appendices.

In relation to Goram Homes Limited:

4. Approves the business plan of Goram Homes Limited, in respect of financial year 2021/2022, including approval of up to £10m additional loan funding (subject to incorporation into the council budget for approval by Full Council) for the purposes of the next development pipeline to be transferred from the council to Goram ("Pipeline 2") and to delegate authority to the Executive Director: Growth & Regeneration, in consultation with the s 151 officer and the Cabinet Member for Finance, Governance and Performance, to agree the terms of this arrangement.
5. Notes:
 - a) there is an existing £3.3m working capital facility agreement in place between the council and Goram Homes in respect of Romney House and Baltic Wharf ("Pipeline 1"), pursuant to Cabinet approval granted in September 2018;
 - b) the council has earmarked £3m as a potential capital contribution to Pipeline 1, pursuant to Cabinet approval granted in September 2018, although this remains subject to commercial negotiation.
 - c) in respect of the land at Romney House that the council is transferring to Goram, the council has entered into a deferred payment arrangement (i.e. receipt of loan notes) in respect of the land value (£13m), which is due to be repaid by the close of financial year 2024/2025; and
 - d) it is anticipated that a similar deferred payment arrangement will be entered into in respect of the Baltic Wharf site, but this remains subject to commercial negotiation.

Corporate Strategy alignment:

1. **Bristol Waste Company's** business plan aligns with the key theme of Wellbeing, by both creating environmental improvements to ensure people enjoy cleaner streets, together with moving towards a more 'circular economy', where goods and materials are reused and recycled rather than discarded. The plan also aligns with the Economic Recovery and Renewal Strategy, particularly by protecting employment levels and Bristol's places.
2. **Goram Homes'** business plan supports the 'Fair and Inclusive' commitment to building 2,000 homes per year by 2020. This commitment also supports the Economic Recovery and Renewal's strategy to protect employment levels and ensure provision for future homes, jobs and quality places.

City Benefits:

1. **Bristol Waste Company's** business plan benefits the City through working collaboratively with residents, commercial customers, partners and the council, to encourage behaviour change, and increase recycling and re-use, helping to make the City measurably cleaner, in both public areas and business districts.
2. **Goram Homes'** business plan assists in increasing the supply of quality housing that will contribute to the overall health and wellbeing and quality of life for Bristol residents. Currently, demand for housing in the city far exceeds

supply, resulting in high rents and house prices. The Goram Homes business plan provides for an increase in the availability and affordability of a range of housing types, creating communities where people want to live and work.

Consultation Details:

1. Each Company's Board has reviewed their business plan, and Bristol Holding Board has met several times to review and consider them.
2. The Shareholder Group convened on 23 November 2020 to review the Bristol Holding and Goram Homes business plans and on 17 December 2020 to review the Bristol Waste Company's business plan. Shareholder Group reconvened on 22 February 2021 to review the revised Goram Homes business plan, following its review by the Boards of Goram Homes and Bristol Holding.
3. OSMB convened on 25 January 2021 to consider the Bristol Holding Group Business Plans and will consider the Goram Homes Business Plan again at its meeting on 5 March 2021.
4. Client officers have discussed the business plans with the Companies, and have provided comment at Appendix B.

Background Documents:

- [Cabinet Report 4 September 2018: Creation of the Housing Company](#)
- [Cabinet Report 4 December 2018: Bristol Waste Fleet Renewal](#)
- [Cabinet Report 21 January 2020: Bristol Holding Limited Group Company Business Plans 2020/2021-2024/2025](#)
- [Cabinet Report 3 March 2020: Bristol Heat Networks – Establishment of 2 Special Purpose Vehicles \(SPVs\)](#)
- [Cabinet Report 1 September 2020: Bristol Heat Networks - Update](#)

Revenue Cost	-	Source of Revenue Funding	
Capital Cost	£2.8m for BWC Avonmouth Development Phase 2 £10m for Goram Homes Pipeline 2 loan funding	Source of Capital Funding	PWLB Council resources including capital investment reserve.
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

Finance Advice: See Appendix G for detailed financial commentary and Appendix I for additional exempt financial commentary in regards to Goram Homes.

Finance Business Partner: *Jemma Prince – Finance Business Partner Resources, 24 February 2021*

Legal Advice:

Approval of each of the company business plans is a Reserved Matter and requires Shareholder (i.e. the Council acting by the Shareholder Representative) approval. Such approvals are ordinarily given by the Deputy Mayor, as Shareholder Representative, however the practice has developed that in respect of business plans this is addressed at Cabinet. Approval of the recommendations in this Cabinet Report will therefore constitute such Reserved Matter approval.

The business plans are also expected to identify explicitly any other Reserved Matters that require approval. At this time no further Reserved Matter approvals are being requested or approved. It should be noted that the approval of the BWC business plan includes additional lending totalling £2.8m for Avonmouth Phase 2 and the Goram Homes business plan includes additional lending totalling £10m in respect of a second pipeline of land for development. It should also be noted that approval of this business plan does not include approval of any new loan funding to BWC in

respect of the CAZ fleet replacement, although a contribution of £0.7m from an existing loan facility between the council and BWC is expected to be utilised for CAZ fleet replacement.

As before, it is also important that support for any of the companies continues to comply with appropriate state aid/public subsidy requirements.

Bristol Waste Company’s and Bristol Holding’s respective “Teckal” status (enabling contracting between the parties without the necessity of compliance with the Public Contracts Regulations 2015 (PCR)) needs to be continually kept under review to ensure that the existing contractual and associated arrangements between the Council and the companies is secure from a procurement perspective. At present, given each company’s current business plans and the existing arrangements between the Council and the companies, there is nothing to suggest this status is at risk.

Goram Homes’ status as a body not governed by public law (and thereby relieved of compliance with the PCR) needs also to be continually monitored. Again, the current business plan and working relationship between the council and the company does not suggest this status is at risk.

Legal Team Leader: *Eric Andrews, Team Leader – Commercial and Governance, 24 February 2021*

3. Implications on IT:

IT Services would advise that an IT/Digital Strategy is potentially required to link together and underpin the ambitions of the Council-owned companies and the investments/strategy in place within the council. Decisions should be considered regarding the best way to deliver supporting IT services to the council-owned companies and to ensure appropriate Governance and Assurance for Information Management, Information Security, IT Resilience and long-term IT Support Costs.

In reference to the plans presented, BristolHolding Company’s plan acknowledges the need to review IT delivery to address Information (Cyber) Security concerns and this is welcomed, however the plans are not aligned between the companies, or the council’s approach, to deliver this. For example, the Goram Homes planning includes the building of a data network to support the Connected Homes agenda, and this could potentially be considered part of the wider council and regional strategy in regards to Digital Place (Smart City).

However, it is noted that delivering on these ambitions will require significant investment. It is recommended that the Shareholder fully considers whether the current approach presents an unacceptable risk to the council and includes appropriate mitigations in activity planning. Where IT support is needed by the companies, it is noted that the assumption is that council-owned companies will obtain support services from the council, unless there is a valid business reason for not doing so.

IT Team Leader: *Simon Oliver, Director – Digital Transformation, 22 February 2021*

4. HR Advice: No HR implications evident for employees of Bristol City Council. Any impact on employees of the companies will be identified and managed by the companies themselves.

HR Partner: *Mark Williams, Head of HR, 24 February 2021*

EDM Sign-off	Mike Jackson	16 December 2020
Cabinet Member sign-off	Cllr Cheney	11 January 2021 and 22 February 2021
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	01 March 2021

<p>Appendix A – Further essential background / detail on the proposal</p> <ul style="list-style-type: none"> • A1a. Bristol Holding Limited Review of Bristol Holding and Bristol Waste Business Plans • A1b. Bristol Holding Limited Review of Goram Homes Business Plan • A2. Bristol Holding Limited Business Plan 2020/2021 • A3. Bristol Waste Company Limited Business Plan 2020/2021 	YES
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<ul style="list-style-type: none"> • A4. Bristol Waste Company Business Case: Avonmouth Phase 2 • A5. Bristol Waste Company Business Case: CAZ Fleet Replacement • A6. Goram Homes Limited Business Plan 2020/2021 	
Appendix B – Details of consultation carried out - internal and external <ul style="list-style-type: none"> • Council Client commentary on Bristol Holding Group Business Plans 	YES
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	YES
Appendix H – Legal Advice	NO
Appendix I – Exempt Information <ul style="list-style-type: none"> • I1. Bristol Waste Company Limited Business Plan 2020/2021, Parts A-E • I2. Bristol Waste Company Business Case: Avonmouth Phase 2, Appendix A (Phasing and Cost Timeline) • I3. Bristol Waste Company Business Case: CAZ Fleet Replacement, Appendices A-C (Vehicle Costs Summary, R&M Costs and Procurement timeline) • I4. Goram Homes Limited Business Plan 2020/2021, exempt section of Appendix D • I5. Additional BCC Financial Advice 	YES
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO